

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2055 - SB 2869

February 23, 2020

SUMMARY OF BILL: Requires all tobacco products seized to be destroyed by the Department of Revenue (DOR), rather than sold at auction.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$900/FY20-21 and Subsequent Years

Assumptions:

- It is the current practice of the DOR to auction tobacco products and other items confiscated with the tobacco in addition to the tobacco itself. Ten percent of proceeds of tobacco product sales are retained by DOR to offset administrative expenses.
- The proposed legislation will require tobacco products to be destroyed, while allowing other items to continue to be sold. Ten percent of proceeds of such product sales will be retained by DOR to offset administrative expenses.
- There was one tobacco seizure related sale at auction in 2018 for \$1,815 and one sale in 2019 for \$1,939. There were no such sales in 2016 or 2017.
- It is assumed that half of the value of these sales is derived from the tobacco product, as opposed to a vehicle or vending machine or other involved items.
- Therefore, the recurring decrease in state revenue is estimated to be \$939 $[(\$1,815 + \$1,939) / 4 \text{ years}]$. Any impact on revenue to the DOR used to offset administrative expenses will be not significant.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumption:

- The proposed legislation will not have a significant impact on commerce or jobs in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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